

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
National Association of State Utility)	
Consumer Advocates' Petition for)	CG Docket No. 04-208
Declaratory Ruling Regarding)	
Truth-In-Billing.)	

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S
REPLY COMMENTS SUPPORTING NASUCA's
PETITION FOR DECLARATORY RULING**

The Indiana Office of Utility Consumer Counselor ("OUCC"), the statutory representative of Indiana utility ratepayers, consumers and the general public in local, state and federal proceedings pursuant to Ind. Code §§ 8-1-1.1-1, *et seq.*, submits these reply comments in further support of the National Association of Utility Consumer Advocates' ("NASUCA") request that the Federal Communications Commission ("FCC") prohibit telecommunications carriers from imposing monthly line-item charges, surcharges or other fees on consumers' bills unless such charges have been expressly mandated and are monitored/audited by a state public utility commission or by the FCC.

Self-serving claims to the contrary notwithstanding, the overwhelming weight of the comments filed in this docket shows customers are ill-served by the plethora of dubious unapproved add-on charges which too frequently separate customers from the prices they thought they were being promised. As the comments which have been filed in this docket show, the problem identified by

NASUCA's Petition is recognized by a wide range of groups from all across the nation - including state utility commissions, attorneys general, consumers and even some telecommunications industry groups.

Not surprisingly, commenters who argue to the contrary are primarily those service providers which currently obscure their prices by adding on such confusing extra fees. Nor is it surprising that their response to a straightforward problem is to offer an even more bewildering array of purported reasons why such charges are good or even necessary and suggesting that the solution lies in customer education. Such arguments - like the suggestion that NASUCA's petition somehow seeks to remove all line-item charges - miss the point.

The simple truth is that the customer's bottom line generally is *the bottom line* - especially regarding something which is as basically fungible as telecommunications service. Where a customer can readily ascertain the bottom line price, competition works - i.e. the service provider who provides the most efficient service at the lowest price succeeds, and the customer benefits, too.

Of course, certain line-item fees have been specifically approved and standardized and appropriately appear on customers bills. Such line items have been determined to describe the charges listed accurately and do not impede price comparability by consumers. But when service providers are able to hide behind the historical perceptions of a regulated industry to add additional line item charges which obfuscate the consumer's bottom line, they open up a whole world of marketing-driven approaches which are increasingly divorced from such basic competitive necessities as price comparability. Replacing straightforward

bottom-line pricing with a confusing array of unapproved and unaudited extra charges - which may or may not be applied in the same way by competing service providers and which may conveniently be listed as fine print or even left out of the promised price or which may encourage customers to blame high prices on regulators - makes it difficult or impossible for customers to make meaningful distinctions between competing service offerings.

The advantage in such situations lies entirely with the service provider. While service providers incur some expense to design such pricing schemes, they are able to spread such costs across many customers, all at a very modest investment per customer. On the other hand, customers are left to puzzle over such pricing formulations on their own. As every service provider knows, today's customers are busy people who value their time. Complicating their ability to comparison shop cannot have any other seriously expected effect other than to encourage them to tolerate the possibility (or even likelihood) that rival service providers' offerings may differ by several dollars per month or more, as opposed to the alternative of devoting scarce hours of leisure time to the tedious review of what each line item means and whether it could be avoided or minimized by buying from a competitor.¹ Price-point pressure being what it is, few competitors will long resist the temptation to follow suit.

Where customers are deprived of readily available bottom line information, it comes as no surprise that they will either make their decisions by default or else that service providers will encourage them to make their decisions on the

¹ As the OUCC indicated in its Initial Comments in this docket filed July 14, 2004, the OUCC devotes significant resources to consumer education. However, consumer education is no substitute for having clear and accurate bills for all consumers in the first place

basis of "feel-good" product differentiation marketing campaigns which may have nothing whatsoever to do with the quality or the efficiency of the service provided. While this office does not question the entertainment value of such advertising, such ephemeral product differentiation appears unlikely to bring real competition-driven efficiency gains or service quality improvements to customers.

Competition works when the price customers see is the price they pay. The OUCC has long supported competition in the telecommunications industry to bring improved efficiency, lower costs, and better service to Indiana's customers. If our nation has managed to figure out how to provide its citizens clear and understandable bottom-line pricing on everything from turnips to plane tickets, surely we can expect no less of something as universal as telecommunications services. The OUCC urges the FCC not to be misled by comments which seek to obfuscate what is a straightforward bottom line problem for customers and reiterates its request that the FCC take all appropriate action to prohibit service providers from imposing inappropriate line-item charges.

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

Robert G. Mork, Indiana Attorney No. 19146-49
Deputy Consumer Counselor for Federal Affairs

August 13, 2004